

Foreign use is expected to increase slightly (more so in Asia), but exportable supplies in major foreign countries will continue to be large. Thus, relatively higher priced U.S. wheat will face intense competition in the world market. As a result, wheat exports are projected to decline 100 million bushels to 1 billion next season. Nevertheless, total use is projected to exceed production next season, and ending stocks are expected to be down. The expected price range for 2001/02 is \$2.75-\$3.35 per bushel, compared with an estimated \$2.63 per bushel for 2000/01.

U.S. **rice** plantings are expected to be 3.1 million acres in 2000/01, 1 percent higher than last season when prices were relatively low. However, with a forecast trend yield below last year's record, production is projected to fall almost 3 percent from last year's harvest of 191 million cwt. Long-grain rice production is anticipated to rise 5 percent, while short- and medium-grain rice production is projected to drop 19 percent. The projected total supply in 2001/02 is expected to be more than 3 percent below 2000/01, and ending stocks are projected to fall 10 percent. But relatively large world supplies and low global prices will place downward pressure on U.S. prices. The season-average farm price for rice is expected to fall to

\$5.25-\$5.75 per cwt, from \$5.55-\$5.65 in 2000/01.

Total domestic use of rice (including food, seed, industrial, and residual) is projected to expand 1 percent to 123 million cwt. Total exports are anticipated to fall, with shipments of rough rice remaining the same while milled rice exports are expected to decline 13 percent. U.S. rice exports will face tough competition from major foreign exporters. U.S. imports—mainly aromatic varieties from India and Pakistan—are projected to increase 2 percent in 2001/02.

U.S. **cotton** production is projected to increase 9 percent to 18.8 billion bushels due to higher planted acreage and yields. A third consecutive annual rise in area is attributable to higher expected net returns for cotton versus competing crops. Ending stocks are projected to increase 800,000 bales or 15 percent, with a stocks-to-use ratio of 35 percent.

Domestic mill use of cotton is anticipated to be marginally lower in 2001/02 as competition from textile imports offsets growth in retail demand. In contrast, U.S. exports of raw cotton in 2001/02 are projected to soar to 9 million bales—a 41-

Planted area for field crops, excluding winter wheat, is based on USDA's *Prospective Plantings* report for 2001, released on March 30. Harvested area is based on historical averages for harvested-to-planted ratios. Yields are derived from historical trends or averages, except for winter wheat where survey results are used, and for corn where a statistical model is used based on trend, weather, and planting progress. With planting still underway and harvest several months away for most crops, growing conditions could alter final production levels. U.S. crop prices are influenced not only by weather domestically and in other countries, but also by changing U.S. and global demand conditions.

percent increase over the previous season and the highest level since 1994/95.

Exports are expected to benefit from a modest recovery in world consumption, large exportable supplies in the U.S., and strong preseason sales. As a result, U.S. share of world cotton trade is expected to increase from 25 percent to 32 percent.



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Livestock, Dairy, & Poultry

Meat & Poultry Production To Rise Slightly in 2002

Red meat and poultry production in 2002 is forecast at nearly 83 billion pounds, up 1 percent from this year and marginally higher than record production in 2000. Continuing increases in pork and poultry production, bolstered by profitability and continued low corn and soybean meal prices, will more than offset a modest decline in beef production.

Although red meat and poultry supplies are at record levels, relatively strong domestic and foreign demand is maintaining prices. Prices for both fed and feeder cattle are expected to post modest gains in

2002 as supplies continue to decline.

Wholesale broiler prices are also expected to post a modest gain due to continuing gains in exports. Increased pork production will push hog prices lower.

Due to drought in the summer of 2000 and increased hay feeding during the harsh winter of 2000/01, forage supplies were tight. As a result, **beef** producers continued to reduce their breeding herds in 2000 and early 2001. As of April 1, heifers on feed were up 3 percent from last year and 11 percent over 1999. Many of the heifers that might have been bred this spring and

retained in the herd are already on feed. These heifers on feed will moderate this year's decline in beef production. However, for the rest of this year, producers are expected to retain heifers for the breeding herd rather than place them on feed. As a result of heifer retention and lower cattle inventories, beef production will likely decline 4-5 percent this year and about 2-3 percent in 2002.

Cattle inventories have been decreasing since 1996. Continuing declines in the breeding herd have resulted in what will likely be the smallest calf crop in 2001 since at least the 1950s, and the calf crop in 2002 will likely drop even further.

With expectations of higher prices, especially for cattle that will grade Choice, producers are likely to hold back more heifers for breeding following this year's

Briefs

U.S. Livestock and Poultry Products—Market Outlook

		Beginning stocks	Production	Imports	Total supply	Exports	Ending stocks	Consumption Total	Per capita	Primary market price
		<i>Million lbs.</i>							<i>Lbs.</i>	<i>\$/cwt</i>
Beef	2001	525	25,680	3,060	29,265	2,500	390	26,375	66.5	74-78
	2002	390	25,081	3,075	28,456	2,540	385	25,621	64.1	77-83
Pork	2001	477	19,160	965	20,602	1,405	475	18,722	52.3	44-46
	2002	475	19,755	1,000	21,230	1,400	500	19,330	53.6	41-45
									<i>¢/lb.</i>	
Broilers	2001	798	30,286	4	31,088	5,925	700	24,463	75.7	57-60
	2002	700	31,163	4	31,867	6,200	740	24,927	76.5	59-64
Turkeys	2001	241	5,528	1	5,770	480	275	5,014	18.1	66-69
	2002	275	5,625	1	5,901	495	275	5,130	18.3	66-71
		<i>Million doz.</i>							<i>No.</i>	<i>¢/doz.</i>
Eggs*	2001	11.4	7,140.5	5.7	7,157.6	153	10	6,050.2	261.4	74-77
	2002	10.0	7,270.0	8.0	7,288.0	165	10	6,143.0	263.3	68-73

Based on May 10, 2001 *World Agricultural Supply and Demand Estimates*.

*Total consumption does not include eggs used for hatching.

See appendix tables 10 and 11 for complete definition of terms.

Economic Research Service, USDA

calf crop, provided adequate forage is available. This will further reduce an already much lower feeder cattle supply, which was down 2 percent below a year ago on April 1. Feeder cattle supplies are expected to continue to decline over the next couple of years until the cattle herd begins to expand.

Fed-cattle prices are expected to average around \$80 per cwt in 2002, up from the mid-\$70s this year. Lower feeder cattle supplies will boost feeder cattle prices into the low-\$90s in 2002, from the high-\$80s this year. Following record high levels early this year, retail beef prices are expected to rise only slightly in 2002 in the face of large competing meat supplies.

Pork production in 2002 is forecast at 19.7 billion pounds, up 3 percent from this year. Hog slaughter will likely be up about 2 percent and the average dressed weight is expected to be a pound heavier. The March *Hogs and Pigs* report indicates the inventory of all hogs and pigs was up 2 percent from 2000. The number of hogs kept for breeding was up 1 percent, consistent with the March-August farrowing intentions (up 1 percent from actual farrowings a year ago). Pigs farrowed during this period will reach slaughter weight in late 2001 and early 2002.

Pork producers are gradually expanding production this year and are expected to continue the slow rate of expansion through 2002. Changing industry structure and producers' financial problems in late 1998 and 1999 have muted the response to favorable returns in 2000 and first-half 2001. Many smaller producers exited the industry in the late 1990s, and others may still be recovering from the financial problems of that time.

To expand production, larger and mid-sized producers face a more complicated process than in the recent past. Expansion now entails securing financing, obtaining building and waste management permits from state and local authorities, and hiring and training staff. In addition, vertical coordination—through either marketing or production contracts—is replacing the spot market sales prevalent in past years. The factors that complicate expansion are likely muting the peaks and valleys of the hog production cycle.

Hog prices are expected to average in the low- to mid-\$40s per cwt in 2002, compared with the mid-\$40s this year. Competing poultry meat supplies will continue to be large. The effect of foot-and-mouth disease in the European Union—especially in Denmark, a major player in the world pork market—adds uncertainty to price forecasts.

Retail pork prices are expected to rise 1-3 percent in 2002, about the same increase expected this year. Strong retail beef prices increase the competitive position of pork.

Poultry output in 2002 is expected to rise about 3 percent, compared with a less than 1-percent increase likely this year. With continued low feed costs, improving net returns will probably encourage a 3-percent boost in *broiler* production in 2002, compared with an expected marginal increase this year. Wholesale broiler prices will likely reach 59-64 cents per pound, compared with 57-60 cents this year. Key to higher broiler prices is the continuing strong export market, especially Russia and China.

Turkey production is expected to increase about 2 percent in 2002, compared with a 4-percent rise this year. Turkey prices are expected to average about the same in 2002 as this year, around 68 cents per pound. **AO**

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